



United States Department of Agriculture  
Food and Nutrition Service

Southeast Region

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**Reply to**

**Attn. of:** SERO Policy

February 12, 2004

**Subject:** Child and Adult Care Food Program (CACFP) Policy Memorandum 226.16-04: Sponsor Monitoring Requirements in the CACFP

**To:** All State Directors  
Child and Adult Care Food Program  
Southeast Region

We have recently received several questions regarding the requirements established at § 226.16(d)(4) for sponsors' review of their facilities. These questions focused on the long-standing requirements that new facilities be reviewed within the first four to six weeks of operation, and that each facility must be reviewed three times each year.

The requirements for sponsor monitoring of facilities set forth at §226.16(d)(4) are based on the assumption that most facilities participate in CACFP 12 months each year, and that they continue to participate on a full-year basis from one year to the next. Although this is not universally true, it is still the norm in many places.

"First review" Requirement

Sections 226.16(d)(4)(i)(C) and 226.16(d)(4)(ii)(C), which establish the requirements for "first reviews" of sponsored centers and day care homes, respectively, are based on this assumption of continuous, year-round participation. However, at least one State agency (SA) has interpreted the first review requirement to mean that, every time a sponsor's application is renewed by the SA, all of its facilities must again be reviewed on the "first review" schedule. This is not the intent of the first review requirement. If it were, a sponsor with 1,000 day care homes whose application was renewed annually would have to review all 1,000 of its homes within four weeks of the SA's approval of the application renewal.

Rather, the first review requirement is designed to ensure that facilities that are new to CACFP receive an early review from their sponsor, to minimize the possibility that the facility is making critical errors that could result in large overclaims. We believe that SAs should interpret the first review requirement to also apply to a facility that changes sponsors (insofar as that facility is a "new participant" in the sponsorship to which it has transferred) or to a facility that re-enters CACFP after a break in participation.

“Three times per year” Requirement

Sections 226.16(d)(4)(i) and 226.16(d)(4)(ii) establish the requirement that each sponsored center and each day care home must be reviewed three times each year. In response to requests from several regional offices (ROs), the National Office has clarified the minimum review requirements when a facility begins CACFP participation near the end of the sponsor’s review cycle.

For example, if a sponsor used the fiscal year (FY) as its normal review cycle, how many reviews would a sponsor be required to conduct of a day care home added to its rolls on August 29, 2003? The answer is “once in FY 2003 and three times in FY 2004”, because the first review requirement would require the sponsor to review the home within its first four weeks of operation (i.e., by September 29, 2003). The “normal” three times a year requirement for this home would commence with the new review cycle in FY 2004.

Other variations on “three times per year”

There are, of course, many other scenarios that could occur. To cite two of the more common examples, a home may begin participating in CACFP six months into the review cycle, or a sponsored Head Start center may regularly participate for only nine months each year. In these less typical cases, the SA would consult with RO and exercise its judgment in determining the minimum review requirements for a given sponsor and its facilities.

State agencies must establish requirements concerning the monitoring of facilities that participate on an other-than-year-round basis. Since all sponsors are required to annually update their management plans (§226.6(b)(5)) and must periodically demonstrate, as part of their renewal applications, that they will perform monitoring in accordance with §226.6(b)(18)(iii)(D)(2), the management plan might be an excellent vehicle for capturing information on the sponsor’s plans for reviewing facilities that participate on an other-than-year-round basis. SAs could then ensure that State-level requirements pertaining to the minimum number of reviews for part-year participants are being met as part of their approval of a sponsor’s initial management plan and/or renewal application. When establishing your State-level requirements, you may wish to consider the proportion of the year that a facility normally participates in CACFP, the quality of the sponsor’s Program operations (as assessed through your reviews of the sponsor), and other relevant factors.

Please notify your institutions and implement this policy as appropriate. If you have questions, please contact my Child, Adult, and Summer Nutrition Program staff.

PEGGY FOUTS  
Regional Director  
Special Nutrition Programs